GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:945
ANSWERED ON:23.10.2008
INCREASE IN PRICES OF STEEL
Rathod Shri Harisingh Nasaru

Will the Minister of STEEL be pleased to state:

(a) whether the Government is aware about the spiralling prices of steel in the country during the last few years;

(b) if so, the actual increase in the prices of materials that are used for manufacture of steel;

(c) the other reasons behind the continuous rise in consumer sale price of steel in the country;

(d) whether the Government is considering ban on export of steel to keep the steel prices in control in the country; and

(e) if so, the time by which a notification in this regard is likely to be issued by the Government?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA)

(a) The retail prices of a representative category of steel items at Delhi from June 2005 to September 2008 are given in the Annex. The data in the table indicates that there is a wide fluctuation in price movement of different steel products.

(b) The increase registered in the raw material spot prices (FOB) of the main steel making raw materials from March 2007 to September 2008 is given on quarterly basis in the table below:

	Raw Material Spot Prices (FOB)			
Period	NMDC (LTA) Price India Spot Iron Ore 63% Fe CFR China	Australian Spot Hard Coking Coal 12.5% Ash	China Met Coke Rotterdam	Shredded Scrap Export FOB
	(In Rs./tonne)	(In$./tonne)	(In$./tonne)	(In$./tonne)
Mar-07	1114	92	103	185 340
Jun-07	1209	104	120	252 310
Sep-07	1209	170	150	275 295
Dec-07	1783	190	180	390 300
Mar-08	1783	205	360	530 445
Jun-08	1970	185	380	680 670
Sep-08	1970	121	380 +	730 240

(Source: JPC)

(c) The rise in price of steel is attributable to various factors both in the supply side as well as the demand side. While, on the supply side, rise in price of steel can be attributed to a steep rise in the price of critical input materials as indicated in reply to part (b) of the question, on the demand side the mismatch in demand and supply is the main reason for the rise in steel prices.

(d)&(e): Export of steel from India is slightly over 1 per cent of the total finished steel production. The minimal presence that the Indian steel industry has in the global market is necessary to maintain its global competitiveness and also as an alternate market whenever the domestic demand diminishes. However to stabilize supply and price of steel in the domestic market, government imposed export duty @ 15% imposed w.e.f. 10.5.08 on Pig Iron, Sponge Iron, Scrap, Ingots and all categories of non-alloy semi finished steel.